

Message Text

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REF: STATE 264488

1. I HAVE THE FOLLOWING COMMENTS WHICH I WOULD APPRECIATE
YOUR PUSHING AT THE NEXT PRC MEETING. PLEASE FEEL FREE TO
ASCRIBE THEM TO ME PERSONALLY.

2. LONG-TERM AGREEMENTS: JULES KATZ AND OTHERS RESPONSIBLE
FOR AGRICULTURAL TRADE POLICY MAY NOT LIKE LONG-TERM
AGREEMENTS, BUT THE FACT REMAINS THAT WE HAVE ONE FOR GRAIN
SALES WITH THE USSR, WHICH IS OUR MAJOR POLITICAL AND
MILITARY ADVERSARY. (THAT LONG-TERM AGREEMENT WAS
CONCLUDED BY THE PREVIOUS ADMINISTRATION AS PART OF A POLICY
WHICH HAS BEEN CHARACTERIZED IN SOME QUARTERS AS DESIGNED TO
BUY OFF THE SOVIETS.) FURTHERMORE, IT NOW APPEARS THAT THE
SOVIETS WILL AGAIN MAKE USE OF THAT AGREEMENT TO PURCHASE
LARGE AMOUNTS OF WHEAT AND CORN DURING THIS CROP YEAR.
ASIDE FROM THE BETTER CREDIT TERMS WHICH THE POLES ARE SEEKING,
WE DO NOT SEE THE QUALITATIVE DIFFERENCE BETWEEN THE
TYPE OF AGREEMENT SOUGHT BY POLAND AND THAT WHICH THE
SVIETS ENJOY. CERTAINLY THE SIZE OF THE CONTEMPLATED
POLISH PURCHASES, AND THEIR ABILITY TO IMPACT ON THE
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MARKET, WOULD BE LOWER THAN IN THE SOVIET CASE. AT A
TIME WHEN POLAND IS IN SERIOUS AGRICULTURAL TROUBLE
AND THE US PRESS IS BEGINNING TO PICK UP THE STROY, THE
REALIZATION THAT WE ARE SELLING GRAIN TO THE SOVIETS
UNDER AN ESTABLISHED LONG-TERM AGREEMENT, WHILE DENYING
ONE TO THE POLES, COULD BE UNFORTUNATE. (THERE ARE
MORE POLISH-AMERICANS WHOSE RELATIVES ARE GOING TO FELL

THE DIRECT EFFECT OF WHAT WE DO OR DO NOT DO, THAN THERE ARE AMERICANS WITH CLOSE RELATIVES IN THE USSR.) MOREOVER, OUR FOREIGN-POLICY INTEREST IN HELPING POLAND COPE, AND THE SUPPORT OF THE AMERICAN PEOPLE FOR SUCH POLICIES, ARE CLEAR. THE POLISH LEADERSHIP REGARDS A LONG-TERM AGREEMENT AS IMPORTANT IN ITS UP-HILL BATTLE TO DEMONSTRATE THE CONSTANCY OF ITS GRAIN-IMPORT POLICY AND, ULTIMATELY, OF ITS MEASURES TO IMPROVE MEAT SUPPLIES. SUCH AN AGREEMENT WOULD LESSEN POLISH DEPENDENCE ON THE USSR AND SUPPORT OUR EFFORT TO ENCOURAGE THE CONTINUATION OF THE MODERATE POLICIES OF THE GIEREK LEADERSHIP IN ALL FIELDS.

3. CCC CREDITS. FOR THE IMMEDIATE FUTURE, THE SIZE OF OUR CCC CREDIT PACKAGE FOR POLAND WILL BE CRITICALLY IMPORTANT. THE LEVEL OF \$300 MILLION WOULD RESPOND TO THE POLISH REQUEST OF MAY DURING THE AGRICULTURAL WORKING GROUP. WE AGREE THAT WE SHOULD PUSH FOR \$450 MILLION IN CCC, SINCE THIS HELPS RESPOND TO THE GOP'S GROING SENSE OF CRISIS AFTER THE BAD 1977 HARVEST. IF WE CAN COME THROUGH WITH HIGHER AMOUNTS OF CCC TOGETHER WITH A "BEST-EFFORTS" PLEDGE TO GIVE POLAND FAVORABLE CONSIDERATION IN THE ELABORATION OF ANY NEW GRAIN-CREDIT PROGRAMS, WE WILL BE ON THE RIGHT TRACK, WE HOPE THE POSSIBILITY OF POSTPONING SOME REPAYMENTS ON PAST CCC CREDITS HAS NOT BEE RULED OUT.
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4. PL-480. THE MAJOR AIME HERE SHOULD BE TO GET POLAND INTO THE CLUB. A TOKEN ALLOTMENT THIS YEAR, OF EVEN FIVE OR TEN MILLION DOLLARS, WOULD BE FINE. IN THE FUTURE, THIS MIGHT BE INCREASED AND THE PAPERWORK OF ADMISSION WOULD ALREADY HAVE BEEN ACCOMPLISHED.

5. WAHSINGTON AGENCIES SHOULD BE AWARE THAT POLAND'S POSITION HAS WORSENEDED IN THE LADT FEW DAYS DUE TO THE NEWS OF THE POOR SOVIET HARVEST. SOVIET PURCHASES WILL PUSH THE PROCE OF GRAIN UP SOMEWHAT AND MAY CUT CONSIDERABLY THE 1.5 MILLION TONS THE POLES EXPECTED TO RECEIVE FROM THE SOVIETS.

DAVIES

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